



# CATAWBA COUNTY

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**Department of Social Services**

## PRESS RELEASE

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### **Critical Shortage of Day Care Funds**

In past years, almost half of the preschool age children in Catawba County's day care centers and homes received Day Care Subsidy funds from the Department of Social Services. However, current requests for assistance far exceed the available dollars. Over 650 children are now on the waiting list in Catawba County for Day Care Subsidy funding.

Catawba County has experienced a serious shortfall of funds for Day Care Subsidy during the current fiscal year (2005-2006). The situation looks just as grim for FY 06-07.

Money for Day Care Subsidy comes through the State Division of Child Development following an allocation process established by State legislation. Each county's allocation is based on the number of potentially eligible children under age 11 with employed parents (with family income under 75% of the state median income). According to state estimates, over \$17 million would be needed to serve all 6,459 potentially eligible children in Catawba County.

The State's funding allocation process looks at the number of potentially eligible children across the state. Then each county in North Carolina receives a pro-rata share of the available state/federal funding. Catawba County would have been due \$4.9 million for FY 2005-2006 based on this calculation; however, the state adjusts the calculation for counties who have historically maintained high spending levels. Adjusting for this 'hold-harmless' factor is the final step of the allocation process. This adjustment maintains a county's allocation at no less than 90% of the 2001-2002 initial non-Smart Start allocation. Catawba County's adjusted hold-harmless allocation for the current year is \$5,243,461 for subsidy. This is \$830,000 less than was paid for Catawba County's children last year (Fiscal Year 2004-2005).

The program was spending at an accelerated rate going into the summer months of 2005, but staff were hopeful that the county would receive a mid-year reallocation of funds. This has happened in almost every year for the past decade. Last year the county received a reallocation of \$380,000 in March.

Day Care expenditures were slowed and controlled by the waiting list during the first half of this Fiscal Year until the waiting list ended in late January. Response from those on the waiting list was initially low;

however, the response from the general community when the waiting list was lifted was extremely high. The Agency has seen an increased demand for services in Catawba County as many parents who were previously unemployed have now found work but at a lower wage than they were accustomed to receiving. Other parents are pursuing education as a means to improve their situation. This causes more families to need and be eligible for subsidy services.

The high number of eligible applicants caused a jump in expenditures for the month of February. Expenditures jumped again in March as the Agency paid for additional children who were approved before the waiting list was re-instituted on March 14<sup>th</sup>. These increases in expenditures far exceeded initial projections and are a reflection of the improving local economy.

Initially staff felt that a suspension of the older school-age children (who receive before/after school care) combined with the re-establishment of the waiting list might bring the budget back into line. Services for 279 children age 9-12 were suspended in April. Staff continued to lobby for an additional state reallocation of funds.

It is now certain that there will be no reallocations from the State for Catawba County. Many counties across the state are experiencing a similar budget crisis in Day Care funds. Based on current expenditure projections, the Catawba County Day Care program faces a deficit of \$200,000 by the end of the fiscal year (May 31<sup>st</sup>).

The State allows counties several options to control end-of-year spending, and the Agency considered several of these including a five-day total suspension of all children at the end of May. It was evident that this would cause tremendous financial hardships for the families, day care providers, and employers in our community, so this option was rejected. Instead the difficult decision was made to reallocate existing Agency monies to cover the deficit.

Regardless of a possible increase in Federal and State funding, Catawba County is not in a position to receive an increase next year based on the above formula. With the significant increase in need and without a significant infusion of state/federal dollars, the funding crisis will continue next year. The Agency will control spending by utilizing the waiting list throughout most of the year.

The Agency is encouraging Day Care providers and parents to be proactive for Catawba County's children and to voice their concerns about the Day Care budget to state and federal legislators. It is hoped that the federal government will provide more funds to states for Day Care and that state legislators will change the allocation process to provide additional state funding for subsidy services *in Catawba County* when they are considering the state budget for the next fiscal year.

**For more information, please contact Claudia Catlin, Catawba County Day Care Program Supervisor at (828) 695-5717, or Jo Sloan, Family Support Services Program Manager, at (828) 695-5667.**  
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